

## SERBIA

Capital: Belgrade

GDP per capita (PPP): \$2,300 (2000 est.)\*

Population: 8,227,290 (July 2001 est.) \*\*

Foreign Direct Investment: 50,000,000\*

Inflation: 42% (1999 est.)\*

Unemployment: 30% (2000 est.)\*

(\*) Data is for the entire Federal Republic of Yugoslavia

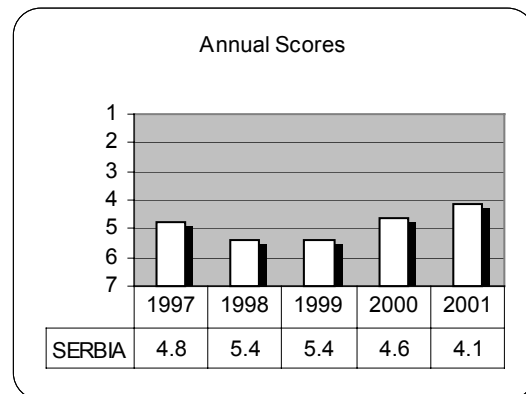
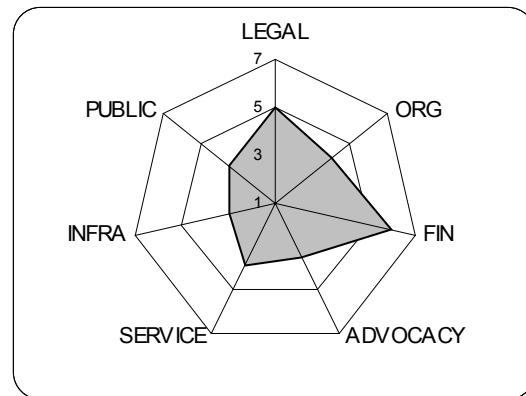
(\*\*) FRY population minus approximate populations for Kosovo and Montenegro

### OVERALL DESCRIPTION: 4.1

In October 2000, Serbian NGOs greeted the dawn of a new political era. The third sector had been instrumental in effecting a watershed political transition that brought about the end of Slobodan Milosevic's oppressive regime and the rise of an 18-party coalition, Democratic Opposition of Serbia (DOS). Popular movements and NGOs such as OTPOR and CeSID, working hand-in-hand with opposition parties, free media, and independent trade unions, brought thousands to the polls, monitored elections, and increased the flow of objective information to citizens. At times, these efforts were nothing less than heroic – NGO members risked jail or worse, groups had their premises ransacked, and the outcome of the September – October process (and therefore the third sector's future) was far from assured.

One year later, the NGO landscape looks quite different. No longer defined by polar opposition to government, NGOs are working to reshape themselves as citizen watchdog groups, crusaders against corruption, advocates for policy change in any number of areas, and service providers. Hundreds of new NGOs have formed. Most are small groups dedicated to a single issue or service. Some of these new groups are affiliated with political parties, including those on the far left and right.

NGOs are now looking to take on activities that will strengthen both individual organizations and the sector as a whole. The NGO Policy Group, formed in January 2001, conducted a study of 821 NGOs that provided a wealth of information regarding the sector and its needs. Talk of building more formal NGO coalitions to complement issue-based collaboration is taking on greater momentum. A network of new NGO resource centers has been established. NGOs now look to government for action on key issues, and are developing relationships and partnerships with authorities at all levels.



Much remains the same, however. Indigenous funding sources are virtually nonexistent, in large measure due to the sluggish state of the economy. The public still has little knowledge of NGOs and their activities, with some high-profile exceptions (OTPOR's current anti-corruption billboards and TV spots, for example). Media may report on NGO events, but give the most airtime and print to government officials present. NGOs, with the exception of urban, policy-oriented groups, typically rely on a single source of donor funding. Constituencies are underdeveloped, and NGOs see themselves as accountable primarily to donors. The legal framework for NGOs remains weak. Boards remain underdeveloped as sources of sound NGO governance.

### **LEGAL ENVIRONMENT: 5.0**

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The legal environment is largely unchanged from last year. NGOs generally register under the federal 1989 Law on Foundations, which establishes a more favorable, less restrictive framework for NGOs than does the 1982 Serbian law that is still in effect. A government-NGO partnership has drafted more favorable Serbian (republican) legislation, but it is unclear whether this will be passed in the near future. NGOs are also concerned that the current drafts of proposed fiscal and labor legislation could impact their activities negatively. They feel generally under-consulted by government on legal reform issues.

There have been disturbing developments of late that bear out this perception. In September 2001, the FRY parliament passed a confiscatory law on

donations that would tax charitable work heavily and otherwise burden NGOs with restrictions on how they do business. This law may affect local governments and other institutions as well. It is too early to determine exactly how this development will impact the sector.

For guidance regarding registration and other legal matters, NGOs can turn to two organizations – the Center for the Development of the Non-Profit Sector (CDNPS), which is participating in the republican legislation drafting group, and the Yugoslav Lawyers' Committee for Human Rights (YUCOM). Both groups serve NGOs across Serbia, but it is unclear how familiar NGOs outside of the largest urban centers are with their services.

### **ORGANIZATIONAL CAPACITY: 4.0**

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Most NGOs still have a long way to go to build strong constituencies, plan strategically, govern themselves effectively, staff appropriately, and put technologies to use. There is a growing awareness, at least among urban organizations, that improvements in organizational capacity are necessary. Indigenous training organizations report that NGOs are increasingly asking for

training in board development, for example.

The 2001 CDNPS survey of Serbian NGOs reported that 50% of organizations polled do not have even one computer, and 77% have no paid staff. NGOs have boards of directors, but do not necessarily put them to effective use in governing their operations. Training capacity in board development is

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somewhat underdeveloped. Some organizations use volunteers very effectively – CeSID, for example galvanized an enormous corps of volunteer monitors prior to the September – October 2000 elections, and continues to utilize volunteers for its current activities, such as monitoring local government activities and elections.

Draft NGO and labor legislation may affect the way that NGOs are staffed, not necessarily for the better. Under the proposed labor code, NGOs would owe the state an exorbitant 43% of staff salaries for taxes and social insurance.

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### FINANCIAL VIABILITY: 6.0

Virtually no change has taken place since last year. NGOs remain reliant on donor funding as their sole source of support. Many NGOs do, however, use volunteer labor very effectively. Larger, better-established groups may have funding from more than one donor. Contributions to NGOs will be taxed heavily if the recently passed federal law on donations is enforced.

Financial management systems remain underdeveloped. The draft republican

NGO law, if passed, could help to improve this. Fundraising is also not very well developed. NGOs are hindered in attracting members by “membership fatigue” – for decades, people were used to compulsory docking of wages and participation in party-affiliated organizations. They are therefore skeptical about the benefits of membership in private organizations. The few organizations that charge members dues (e.g. trade unions) have trouble collecting them due to the economic situation.

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### ADVOCACY: 3.5

The third sector’s lobbying power has increased since last year. As reported in the 2000 index, the advocacy picture has changed considerably, because the post-Milosevic government is not overtly hostile to NGOs and their interests. In fact, many government officials have third sector backgrounds.

There are some examples of productive NGO-government partnerships, such as a working group made up of NGOs and Ministry of Justice representatives that is engaged in drafting the new republican NGO law. Further, Republican Prime Minister Djindic has led some high profile consultations with NGOs on key social issues, including civic and religious education.

Partnerships with local government are less well-developed, but appear to be on the rise, and are strong in a few municipalities. Increasingly, government at all levels is interested in cooperation. This interest is driven primarily by a perception that NGOs have resources that governments can tap into by working with NGOs.

Government receptivity to NGO advocacy efforts varies widely by issue. As mentioned above, NGOs perceive that government frequently leaves them out of the discussion on key policy issues and draft legislation.

### **SERVICE PROVISION: 3.8**

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NGOs are beginning to get more involved in service delivery, as government at all levels lacks the resources to maintain the extensive network of public services historically provided free of charge. Civil society is increasingly stepping in to serve those who have fallen through the social safety net (e.g. the disabled). There are a few prominent groups, most notably G-17, that are providing economic development consulting services to Serbian communities. Many groups provide publications, workshops, and expert analysis that are distributed widely to key policy actors.

Cost recovery is still low. Few NGOs engage in fee-for-service activities, as their clientele lacks resources. Volunteer labor and donated materials help to compensate somewhat for this. Government receptivity to NGOs as service providers is mixed. As mentioned above, governments sometimes see NGOs as donor-funded “cash cows” who can be engaged as service providers, though they are not yet in the habit of engaging NGO services through transparent public procurements. NGOs report that government expectations that NGOs will take over social service provision are at times unrealistically high.

### **INFRASTRUCTURE: 3.0**

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There is an impressive range of training now available to NGOs across Serbia, from a well-developed network of local trainers. Civic Initiatives is the key player in this area. Other positive developments include CDNPS’ recent establishment of a network of seven NGO resource centers.

There are some local organizations making sub-grants, but these are all programs that re-grant donor funds.

Coalitions are forming around specific issues, and there is strong interest in developing more permanent coordination mechanisms. This was high on the agenda at a major NGO conference organized by CDNPS in November 2001. Information sharing among NGOs is not particularly strong at present. Government-NGO partnerships, as discussed in the previous section, are few in number.

### **PUBLIC IMAGE: 3.5**

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2000 marked a watershed in NGO public image. In the period proceeding the October and December 2000 elections, an overtly hostile state media painted the sector in very negative terms. Following the elections and the change in government, NGOs now receive much more favorable treatment by a somewhat more diverse media sector.

But both print and broadcast media still give much more airtime to public officials, but NGO activities are occasionally featured prominently. YUCOM, for example, has received front-page coverage in a number of newspapers, and many NGO leaders often appear as panelists or commentators in broadcasts on policy issues.

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Public awareness of NGO activities is still quite low, with the exception of a few high-profile NGO public education campaigns on “hot” issues, such as crime and corruption, conducted by OTPOR and others. Nevertheless, public awareness is growing. A sharp rise in the number of new party-affiliated NGOs has created some confusion in the public mind, making it difficult for

many people to separate NGOs from political parties.

NGOs do not yet issue annual reports as a matter of standard practice. Other reporting is generally directed at donors rather than at customers. NGOs view themselves as more accountable to their donors. The republican NGO law, if passed, could strengthen NGO reporting.